

Miami County, Kansas

Purchasing Card Program Handbook



May 2011

1. POLICY STATEMENT / PURPOSE

The Miami County Purchasing Card Program is designed to improve the efficiency in processing purchases and allow the cardholder to purchase approved commodities and services directly from the vendor. The Miami County Purchasing Policy, of which this program is a component, further establishes guidelines, purchasing limits, and protocol. The Purchasing Card Program is **NOT** intended to avoid or bypass appropriate purchasing or payment procedures, but to compliment the existing processes.

The Purchasing Card Program and administration of same is designed to facilitate the following:

- Provide an efficient method of purchasing and paying for commodities and services within the program's limits.
- Reduce the use of check requests, petty cash and small dollar purchase orders.
- Improve management reporting on low dollar amount transactions.
- Improve documentation of purchases by requiring itemized, detailed receipts.
- Develop reasonable and enforceable policies, procedures and audit controls.
- Provide for disciplinary action if Purchase Card is misused.
- Ensure Miami County bears no legal liability for inappropriate use of Purchase Card.

2. INTRODUCTION

Miami County, Kansas has entered into an agreement with United Missouri Bank (UMB) to provide qualified County employees with a Miami County Purchasing Card.

A Purchasing Card is a corporate liability charge card, which means purchases are paid directly by VISA, rather than the County. This streamlines the payment process while increasing efficiency in processing selected purchases.

Purchasing cards can be used anywhere VISA is accepted, except for unauthorized vendors that have been specifically blocked from use by County Administration.

Approved cardholders will be required to sign the following Purchasing Card Program forms:

- ***Request for a VISA Purchasing Card***
- ***User Agreement***
- ***Acknowledgement of Receipt***

The purchasing card is to be used in accordance with the guidelines established within this Handbook. You are to treat this program with the same sense of responsibility and security you would use with your personal credit cards.

The purchasing card is NOT intended to circumvent the appropriate purchasing, approval or payment process and is not for personal use of unauthorized purchases. It is a violation to split purchases into multiple transactions to circumvent the maximum authorized limit.

All purchasing cards are issued through Purchasing Card Program Administration. Card usage will be audited and may be rescinded at any time. The authorized cardholder is the only person who may use the purchasing card.

Recordkeeping is essential to ensure success of this program. Standard payment policies require retention of receipts, and other documentation. **As with any credit or charge card, you must retain original, itemized sales slips, cash register receipts, invoices, order forms and receiving documents. As with petty cash or employee reimbursements, an original itemized receipt is required for payment.**

Purchasers who abuse the *No Receipt Affidavit* risk their card being suspended or terminated and will be charged personally for the purchase.

All appendices / forms are available on the Employee Information page of the county website – www.miamicountyks.org, log on: micoemp password: empinfo

This handbook sets forth the Procedures of the Purchasing Card Program and as such establishes guidelines that adhere to compliance with the Miami County Purchasing Policy. Exceptions to the program may be considered on a case by case basis. The County Administrator has oversight of appeals to the program.

3. GENERAL CARD INFORMATION

Although the card is issued in your name, it is the property of the County and is only to be used for County purchases as defined in this Handbook. You are responsible for the security and authorized use of the card.

A. How to Cancel a Card

Complete the Card Destruction Notice. Submit the form and card to Purchasing Card Program Administration in the County Administrator's Office for destruction.

B. Card Renewal

A renewal card will automatically be mailed to Purchasing Card Program Administration. You will be notified when the card is available for pick up in the County Administrator's Office. You will sign your new card then call the number for activation of the card. You must bring your current card for destruction when picking up the new card.

C. Reporting a Lost or Stolen Card

If a purchasing card is lost or stolen, immediately notify UMB Bank at 888-494-5141 and Purchasing Card Administration at 913-294-9556.

UMB representatives are available 24 hours a day, seven days a week. Advise the representative that the call is regarding a VISA Purchasing Card. In these circumstances prompt action is very important to reduce the County's liability for fraudulent charges.

The cardholder shall also notify his or her Department Director of the lost or stolen card within one (1) business day after discovering the card missing. The cardholder shall prepare and submit to his or her Department Director the *Lost or Stolen Purchasing Card Report* with accompanying Police Report, as appropriate, within one business day. The form, signed by the Department Director, must be submitted to Purchasing Card Program Administration.

Should a lost or stolen card be subsequently discovered by the cardholder, the card shall be personally delivered to Purchasing Card Program Administration with a completed *Card Destruction Notice* form.

D. Cardholder Separation from Service / Department Transfer

Prior to separation from the County or transfer to a different department, the cardholder shall surrender the purchasing card and all current itemized receipts to his or her Department Director. The Department Director shall complete the *Card Destruction Notice* and personally deliver the card and notice to Purchasing Card Program Administration.

The itemized receipts shall be submitted to the department reconciler, who should immediately reconcile the purchases via the on-line reconciliation process, ensuring all itemized receipts for that cardholder have been submitted.

E. Purchasing Card Security

Always keep the card in a safe place.

The purchasing card will have the employee name embossed on the card and shall only be used by the authorized cardholder. **NO OTHER PERSON IS AUTHORIZED TO USE THE CARD.** The cardholder is responsible for all transactions procured with their card. Cards and the card numbers must be safeguarded against use by unauthorized individuals in the same manner that a cardholder safeguards his or her personal credit information. Although the card is issued in the individual's name, it is the property of Miami County.

F. Reissue Card Request

Purchasing Cards may need to be reissued due to cardholder name change or if the card becomes unusable (will not properly swipe, cracked, etc.) The cardholder will advise Purchasing Card Program Administration accordingly as to the need.

Purchasing Card Program Administration will contact UMB. You will be notified when the reissued card has been received and is available for pick up in the County Administrator's Office. You must surrender the current card at that time.

G. Card Cancellation

The County reserves the right to cancel any card at any time. Cardholders who misuse the purchasing card may be subject to disciplinary action, legal action, and/or termination.

Misuse of the purchasing card includes:

- Use of the card for personal purchase(s).
- Purchase of unauthorized item(s).
- Use of the purchasing card by someone other than the cardholder.
- Fraudulent or inaccurate recordkeeping.
- Failure to obtain original, itemized receipts.
- Failure to submit the itemized receipts with appropriate additional coding of the charged budget line item(s) and explanation of why and what the purchase was for.
- Failure to reconcile the monthly statement.

4. ACCEPTABLE VISA CARD PURCHASES

The following information provides examples of purchases that are appropriate for the purchasing card:

- Approved Travel expenses such as hotels, meals, fuel, car rental, shuttle/taxi and airline tickets*
- Federal Express, United Parcel Service, United States Postal Services expenses
- Training and educational materials, books and publications, conference, seminar and class registration
- Maintenance, custodial and repair equipment, and supplies
- Approved supplies for your department that cannot be reasonably purchased via one of the established supplier contracts in place, e.g. Staples, Henry Kraft, Zep

This list is not intended to be all-inclusive. If you have specific questions, please call Purchasing Card Administration for assistance.

*Note: All travel expenses charged to P-cards must follow all County travel/business expense regulations (ADM 05-07-01 of the Personnel Policy & Procedures) and will be recorded on cardholder's travel expense statement as a P-card expense. Such receipts should be attached to an approved, completed copy of the travel request / expense form.

5. UNACCEPTABLE VISA CARD PURCHASES

The following items define where the purchasing card is NOT appropriately used:

- Alcoholic beverages
- Tobacco
- Lottery Tickets
- Cash advances
- ATM withdrawals
- Purchases for goods classified as taxable benefits
- Any personal purpose

Your Purchasing Card cannot be used to pay consultants.

This list is not intended to be all-inclusive. If you have specific questions, please call Purchasing Card Program Administration.

6. PERIODIC AUDITS

You are responsible for the transactions listed on your statement. The itemized receipts, packing slips, etc. will support that you are using the Purchasing Card responsibly and in accordance with the program guidelines.

All monthly statements and supporting receipts will be audited to ensure that Purchasing Card procedures are complied with. Your use of the Purchasing Card is subject to review by your Department Reconciler, Department Director, Purchasing Card Program Administration, Accounts Payable staff, and the Board of County Commissioners.

The Purchasing Card Program is subject to review as part of Miami County's formal audit process, and as such is open to public scrutiny in the Open Records Act. The primary purpose of an audit is to ensure the proper expenditure of funds under this program; therefore, it is critical that you maintain and provide detailed, accurate records.

7. PROGRAM RESTRICTIONS

Each VISA Purchasing Card has been assigned a transaction and monthly credit limit established by the Purchasing Card Program Administration. All requests to temporarily change limits must be submitted to Purchasing Card Program Administration by completing the Request to *Temporarily Alter P-card Strategy Parameters/Expenditure Limit* form.

The VISA card will be accepted for purchases of generally approved commodities and services. Businesses and services determined not to offer products commonly accepted for the use of County staff have been blocked from accepting the purchasing card. The blocking of merchants is accomplished through the use of Merchant Category Codes, which are used in the authorization and settlement systems to identify the type of merchant.

Levels of credit authorization are in place to clearly define the individual purchasing limit controls. Each cardholder will have a transaction limit and monthly limit. Transaction limit options are listed on the *Request for a VISA Purchasing Card* form. Transactions falling outside the assigned level will be declined at the point of sale. If your card is declined by a merchant and you feel the decline should not have occurred, contact Purchasing Card Program Administration. Case by case exceptions will be considered.

8. RECOURSE FOR IMPROPER USE

In the event that improper usage of the purchasing card occurs, written notification will be sent from Purchasing Card Program Administration to the cardholder; with a copy given to the appropriate Department Director, and a copy placed in the cardholders personnel file (Human Resources). The following steps will be taken:

- First offense – Cardholder will be notified in writing of improper usage.
- Second offense – Cardholder will be notified in writing that card usage will be suspended for 30 days.
- Third offense – Cardholder will be notified in writing that card must be surrendered immediately.

9. CARDHOLDER RESPONSIBILITIES

Cardholder

As the person whose name appears on the Purchasing Card, you are responsible for keeping track of how the card is used and for keeping it safe. While you won't be responsible for actually paying the account, you must keep records of your purchases. And just like any credit card, you should protect against fraudulent use of the card.

You must keep the original receipts for **ALL** purchases made with your Purchasing Card. Specifically, be sure to keep original, itemized cash register tapes, invoices showing detail of items purchased, shipping documents or other relevant documentation. Your receipts help you reconcile account activity to your monthly Cardholder Statement. You should provide your department reconciler with the itemized receipts on a regular basis, at a minimum on the statement closing date. Itemized receipts should be attached to a separate sheet of paper and contain your notation of the appropriate budgeted line item to charge and detail of why and what the purchase was for.

As a cardholder, you are also responsible for the following:

A. Training

- Training will be provided prior to a purchasing card being issued to the cardholder.
- During the training session, cardholders must read and sign the *Acknowledgement of Receipt* of the VISA Purchasing Card.
- When the card is received, the cardholder must immediately sign the back of the card (Purchase Card Program Administration will make a copy of the front and back of the signed card which will be placed in the cardholders file) and sign the *Acknowledge Receipt Form*.

B. Making a Purchase

- When utilizing the card to purchase supplies and materials, the cardholder will check as many sources of supply as reasonable to assure best price and delivery. Request government discount from vendors when appropriate.
- Advise the vendor of the County's tax exempt status and do not pay Kansas sales tax. A tax exempt form can be obtained from Accounts Payable.
- If the order is purchased by mail, fax, telephone, or internet, the merchandise must be sent to the department address of the cardholder placing the order. The item(s) should be received prior to approval for payment.

C. Making a Return

If an item is not satisfactory, received in error, damaged, defective, duplicate order, etc., the following steps should be followed:

1. The cardholder contacts the vendor to obtain authorization to return the item(s).
2. Contact Accounts Payable for the original receipt if it has already been submitted.
3. When an item has been returned and a credit received, the cardholder shall submit the credit receipt with appropriate coding to his or her department reconciler with the original charge receipt attached. If the transaction for the item originally purchased had already been processed by Accounts Payable, the original receipt should be returned to them rather than attached to the credit receipt.
4. If a vendor has not replaced or corrected the item by the statement cutoff date, then the purchase of that item will be considered in dispute. Attach the completed *Statement of Questioned / Disputed Item Form* to the monthly statement.

D. Recordkeeping

- Recordkeeping is an essential component of the Purchasing Card program. Standard auditing procedures require retention of receipts and other documentation. As with any transaction for County purposes, you must retain the **original itemized** sales slips, cash register receipts, invoices, order forms, email confirmation for Internet purchases and receiving documents.
- As soon thereafter as the cardholder obtains a receipt, he / she should make the proper notations on the receipt as to the budget coding, what and why the purchase was made.
- Purchases being charged outside the cardholders department must be authorized by an Interdepartmental Purchase Affidavit form.

E. Missing Receipts

- If a transaction receipt is misplaced or not received, the cardholder shall be responsible for contacting the vendor and obtaining a duplicate copy of the receipt.

F. Kansas Sales Tax

- Purchases of items by county governments for their own use are generally exempt from sales tax, per K.S.A. 79-3606(b). The exemption applies to the county, not the individual making the purchase.
- The cardholder is responsible to notify the merchant that Miami County is exempt from Kansas sales tax. A copy of the tax exempt form can be requested from Accounts Payable (Clerk's Office).
- If Kansas sales tax is charged, the cardholder should:
 1. Contact the vendor to have a credit processed on the cardholder's purchasing card.
 2. The vendor may reimburse the sales tax by paying the cardholder in cash. The cardholder should only accept cash if the vendor refuses to process the sales tax credit electronically. If cash is received, it should be sent to Purchasing Card Program Administration with a complete written explanation.
- The cardholder may choose to pay the sales tax from their personal funds.

G. Disputed Charges

- Disputed billing can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicated charges, credits not processed, etc.
- The cardholder is responsible for contacting and following up with the vendor on any erroneous charges or disputed charges as soon as possible. Most issues can be resolved this way.
- If the cardholder is unable to settle the issue prior to the cut-off date, complete the *Statement of Questioned/Disputed Item Form*. Submit the form to the department reconciler.
- If there are fraudulent charges on the account, the cardholder must complete the *Statement of Questioned/Disputed Item Form*; if necessary contact local law enforcement to file / request a police report and attach copy to *Disputed Form*.

- UMB should be contacted for intervention after all other avenues have proven unsuccessful. (UMB does charge for assisting in conflict resolution of disputed charges.)

H. Transactions Not Appearing on the Statement

- If purchased items or credits are not listed on the monthly statement, the appropriate transaction documentation shall be retained by the cardholder (or department reconciler) until the next monthly statement. If the purchase or credit does not appear on the statement within 60 days after the transaction date, the cardholder shall notify Purchasing Card Program Administration for assistance in resolving the issue.

10. Department Responsibilities:

Responsibilities are set forth under Department Director Responsibilities, Department Reconciler Responsibilities and Program Administration Responsibilities.

A. Statement Reconciliation

- The department reconciler shall collect all receipts and forms from the cardholders in a timely manner and allocate the transactions on the VISA Intellilink Spend Management on-line system.
- The statement must be reconciled with the departmental cardholder's transactions.
- The department reconciler will allocate the transactions on the VISA Intellilink Spend Management on-line system and submit the allocations to the Department Director for approval.
- During the reconciliation phase, the department reconciler will have the option to change the account code to be charged for the purchase.

B. Statement Approval

- After the statement transactions are allocated and approved, it should be printed, signed and dated by the cardholder and their Department Director.

C. Statement Submission

- Statements and appropriate documentation are due to Purchasing Card Program Administration by the date determined each month.
- The following steps will be taken if departments fail to submit accurately reconciled statements and appropriated documentation to the Purchasing Card Program Administration by the submission deadline:
 1. First Offense – Department Director will be notified in writing of failure to comply.
 2. Second Offense – Department Director will be notified in writing that card usage for the Department will be suspended for 30 days.
 3. Third Offense – Department Director will be notified in writing that card usage for the Department has been terminated and all cards must be surrendered immediately.

Department Directors shall designate primary and secondary department reconcilers and approvers. In the absence of the department reconciler and/or Department Director, designated personnel shall be assigned temporary authority of the absent participant. The designated person shall be confirmed by the Department Director as being authorized to carry out assigned processing tasks. Department Program designees shall be provided to, and kept on file with Program Administration. Should the designated departmental personnel be unavailable, Program Administration is authorized to carry out processing tasks for departments on an emergency basis.

11. PURCHASING CARD PROGRAM ADMINISTRATION

The Purchasing Card Program is administered by the Program Administration. The Program Administration Team consists of the Purchasing Agent, Fiscal Services Manager, and County Administrator or his/her

designee. Program Administration is charged with oversight of Purchasing Card use, adherence to the County's Purchasing Policy, and audit standards.

Members of the Program Administration Team are:

<u>Name</u>	<u>Phone</u>	<u>E-Mail</u>
Laura Epp	913-294-9556	lepp@miamicountyks.org
Steve Lyman	913-294-3976	slyman@miamicountyks.org
Shane Krull	913-294-9500	skrull@miamicountyks.org

12. DEPARTMENT RECONCILER RESPONSIBILITIES

The Department Director shall designate personnel to serve in the capacity of department reconciler. The reconciler is responsible for collecting, reviewing, and matching receipts with statement transactions for all cardholders within his/her department; and recording appropriate, accurate detail in the VISA Intellilink Reconciliation Program. The reconciler is a registered user of the VISA Intellilink Spend Management Program, and as such will maintain their access to the website by following login and password protocol.

Specifically, the department reconciler's role is to:

- Confirm / match receipt documentation and attach to monthly card activity statement.
- Review receipts and statements for validity of all transactions.
- Review / Verify detail of purchase with cardholder.
- Provide / assist cardholder with appropriate / required forms.
- Determine that purchases are only for items that are for the use of the County.
- Verify the appropriateness of account codes.
- Comply with all purchasing and purchasing card policies and procedures.
- Ensure that errors and disputes from the prior month have been corrected and included on the monthly statement.
- Notify the Department Director of unresolved discrepancies / questionable transactions that appear on the statement.
- Process all cardholder activity statements in the VISA Intellilink Spend Management Program.
- Print reconciled statements and obtain cardholder(s) signature; attach all supporting documentation (in transaction order) to the signed statement and submit to Department Director for Approval.

13. DEPARTMENT DIRECTOR RESPONSIBILITIES

The Department Director shall serve as the Department Administrator for the Purchase Card Program. The Department Director may designate staff having budget authority for the department to serve as the Department Administrator. As such, the terminology Department Administrator is interchangeable with Department Director for the following responsibilities. The Department Director is a registered user of the VISA Intellilink Spend Management System, and as such will maintain their access to the website by following login and password protocol.

The Department Administrator's role is to:

- Ensure availability of funds in proper departmental or program budget.
- Review each cardholder's monthly statement purchases for compliance and responsible use.
- Determine that purchases are only for items that are for the use of the County.

- Determine that amounts are reasonable for items purchased.
- Determine that tax exemption was honored where appropriate.
- Verify appropriateness of account codes.
- Verify required documentation is attached to monthly statements.
- Authorize charges as reconciled in the VISA Intellilink Spend Management Program.
- Sign and submit reconciled cardholder monthly statements to Program Administration.
- Comply with all purchasing and P-card policies and procedures.
- Provide / assist cardholder with appropriate / required forms.

The Department Director is charged with (may not designate) the following:

- Submit request for P-cards for designated employees to Program Administration for processing.
- Notify Program Administration of lost or stolen cards.
- Notify Program Administration of terminated or transferred employees.
- Collect cards from cardholders who are terminating or transferring and submit same to Program Administration.
- Signatory authorization of the various P-card forms.

14. PROGRAM ADMINISTRATION RESPONSIBILITIES

Program Administration includes Purchasing, Financial Management, and County Administration oversight of the Purchasing Card Program. As such, there are three distinct areas of responsibility. All three divisions play a unified role in Program Administration. Program Administration is a registered user of the VISA Intellilink Spend Management System, and as such will maintain their access to the website by following login and password protocol.

County Administrator

- Coordinate program policy issues.
- Authorize P-card requests, permanent card limit changes/allowances and card strategy changes.
- Authorize the assignment of merchant codes to particular card strategies and authorize changes when in the County's best interests.
- Consider exceptions on a case by case basis.
- Receive appeals of program guidelines and resolve / render decisions of same.
- Authorize sanctions for abuse / non-compliance of program guidelines.

Financial Services / Accounts Payable

- Receive monthly processed activity statements and file extract.
- Complete journal entries as required.
- Review and post transactions for gas tax exemption filing.
- Review and post transactions for personal taxable benefits.
- File and store statements, receipts, etc.
- Provide cardholder, department reconciler and/or department director with appropriate documentation relative to disputed charges / credit requests.
- Submit timely payment of monthly statement.

Program Administration

- Create and maintain cardholder hierarchy for control and reporting purposes.
- Coordinate and maintain internal controls.
- Monitor use of cards and selection of vendor(s).

- Participate in ongoing program reviews.
- Maintain policy and cardholder guides / manuals.
- Administer training program for all stakeholders. (cardholder, reconciler, department director / administrator)
- Provide stakeholders all relative information regarding card use policy, procedures, and forms.
- Process card requests.
- Process requests to temporarily alter cardholder strategy and/or purchase limit based on detailed requests submitted by cardholder's Department Director.
- Coordinate issuance and cancellation of cards.
- Maintain cardholder / program files; retain pertinent documentation.
- Receive monthly processed activity statements from Department Directors and review for accuracy.
- Audit monthly cardholder statements for compliance with Purchasing Regulations and program guidelines.
- Monitor missing documentation and make appropriate notification of such.
- Bring discrepancies to the attention of the County Administrator prior to submission of statement for payment.
- Pull file extract and expense report from Visa Intellilink for submission to Accounts Payable.
- Update Visa Intellilink Program database as needed.
- Pull reports and records from VISA Intellilink Spend Management for review and analysis.
- Assign all charge codes into the Visa Intellilink Spend Management Program.
- Add / Remove Employees from the Visa Intellilink Spend Management Program.
- Manage all HR Manager and Approval roles in the Visa Intellilink Spend Management Program.